

Message Text

UNCLASSIFIED

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12

ACTION OPIC-06

INFO OCT-01 EA-09 ISO-00 EB-07 AID-05 /028 W

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R 030635Z AUG 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 5966

INFO AMEMBASSY SINGAPORE

AMCONSUL HONG KONG

AMCONSUL MEDAN

USDOC WASHDC

UNCLAS JAKARTA 10116

DEPT. PLEASE PASS OPIC FOR HEGINBOTHAM

USDOC FOR MEPD PHILBRICK

E.O. 11652: N/A

TAGS: EINV, ID, BENC, BEXP

SUBJ: PROPOSED INVESTMENT IN FRACTIONATING AND REFINING PALM OIL

1. EMBASSY RECEIVED LETTER JUNE 2 FROM MARISON TRADING AND INDUSTRIAL CORPORATION OF JAKARTA INDICATING AGREEMENT WITH U.S. INVESTORS IN FRACTIONATING AND REFINING OF CRUDE PALM OIL TO PRODUCE COOKING OIL, MARGARINE, CRUDE OLEIN AND OTHER RELATED PRODUCTS FOR BOTH DOMESTIC AND EXPORT MARKET. ACCORDING TO LETTER DOUGLAS S. GAMBLE, PRESIDENT OF PACIFIC GAMBLE ROBINSON CO. OF SEATTLE, HAS EXPRESSED WILLINGNESS TO PARTICIPATE IN VENTURE WITH 12-1/2 PERCENT EQUITY INTEREST, WHICH WOULD BE ABOUT USDOL312,500, PLUS USDOL500,000 IN FORM OF LOAN. GAMBLE WAS INTRODUCED TO MARISON GROUP BY DR. D. F. MCMILLAN, FORMER VICE PRESIDENT OF SUNKIST OF CALIFORNIA AND CURRENTLY PRESIDENT OF WEBSTER INTERNATIONAL CORPORATION, IRVINE, CALIFORNIA, WHICH IS ASSOCIATED WITH THE NATOMAS GROUP.

2. COMPANY UNDERTAKING PROJECT IS NAMED P.T. SAWIT MALINDA, A JOINT VENTURE UNDER GOI INVESTMENT LAW BETWEEN LAM SOON COMPANY OF SINGAPORE, INTERNATIONAL CHAMPION OF HONG KONG, UNCLASSIFIED

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AND P.D.AND I. MARISON N.V. OF INDONESIA. PLANT TO BE

ERECTED AT LUBUK PAKAM, NORTH SUMATRA.

3. PROJECT ORIGINALLY CAPITALIZED AT USDOL3 MILLION: HOWEVER, COST ESCALATION NOW REQUIRE ABOUT USDOL6.6 MILLION AND THUS U.S. PARTICIPANT HAS BEEN SOUGHT OUT.

4. MCMILLEN VISITED EMBASSY IN SPRING 1975 AT WHICH TIME HE SPOKE WITH THEN ECONOMIC/COMMERCIAL COUNSELOR HEGINBOTHAM WHO NOW VICE PRESIDENT OPIC. MCMILLEN ALSO MET WITH E/CM COUNSELOR IN NOVEMBER 1975 IN CONNECTION WITH HIS ROLE IN NATOMAS AND INTEREST IN PALM OIL PLANTATION IN SUMATRA. AT THAT POINT IT WAS INDICATED THAT THERE WAS SOME CONSIDERATION OF INVESTMENT IN PALM OIL REFINERY.

5. MARISON LETTER INDICATES THAT GAMBLE HAD ASKED MARISON TO ASK EMBASSY FOR "LETTER OF CERTIFICATION TO OPIC" TO THE EFFECT THAT INVESTMENT PROJECT HAD RECEIVED GOI APPROVAL AND THAT PACIFIC GAMBLE ROBINSON CO., SHOULD BE ELIGIBLE FOR OPIC INSURANCE COVERAGE. E/CM COUNSELOR EXPLAINED TO MARISON THAT WILL DOCUMENTATION HAD TO BE SUBMITTED TO OPIC WHO WOULD THEN SEEK EMBASSY'S AND GOI INVESTMENT BOARD'S CONCURRENCE.

6. EMBASSY BELIEVES THAT HEGINBOTHAM MAY BE HEARING FROM ONE OR ALL OF ABOVE NOTED PARTIES IN CONNECTION WITH THIS PROJECT. EMBASSY CAN INDICATE THAT IT WOULD, IN PRINCIPLE, GIVE ITS CONCURRENCE TO ANY REQUEST FOR OPIC INSURANCE IN THIS PROJECT. E/CM COUNSELOR POINTED OUT THAT ADDITIONAL PALM OIL PRODUCTS BEING EXPORTED IN COMPETITION WITH U.S. EDIBLE OIL PRODUCTION WAS SENSITIVE PROBLEM FOR USG AND HOPED THAT PROPOSED INVESTMENT WOULD CONCENTRATE ON EXPANDING MARKET FOR PRODUCT RATHER THAN COMPETING WITH ESTABLISHED EDIBLE OIL PRODUCERS.

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